

TESTIMONY ON HB 207 and HB 208

Senate Energy & Telecommunications Committee
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(MSIRG is a group of 5 small-scale wind and hydro power generators with projects both existing and in development in Montana. As a group, we produce about 38 MW of power, and have another 117MW in development.)

MSIRG opposes both HB 207 and HB 208.

The Renewable Power Production and Rural Economic Development Act (2005) is designed to encourage renewable power development in Montana. And yet there are six bills still alive in this Legislative session that reduce, delay, or water down the renewable portfolio standards (RPS) that are the heart of the Act. While HB 207 and 208 are, on their face, quite modest and harmless looking, they are part of that larger group of bills all aimed at getting over, under, or around the community renewable energy project ("CREP") purchase requirement of the Act, instead of simply complying with it, and for that reason, we oppose them both. We believe that all of these bills contradict the basic intent of the statute, and will further delay and diminish the development of renewable power production in Montana.

Yes, there is already a problem with renewable energy development in Montana. The maps (attached) show first, the wind resources around the country, and it's obvious that Montana is at the top of the list of potential development. The second map, of actual built capacity, shows that states with far less potential are years ahead of Montana in terms of developing their resources. (Also, note that the installed capacity number for Iowa is inaccurate. The map was created in 2008, but as of January 2009, Iowa has expanded its capacity to 2790 MW; that's over 10 times what we have in Montana.) We need to start getting serious about incentivizing renewable development here and holding our utilities to their obligations. A huge part of that is striving to meet our RPS goals, instead of backing down and dropping out.

No one denies that there are start-up costs in developing any new technology; the challenge of developing new transmission is paramount. However, this doesn't mean we should just change or reduce the standards. The very purpose of having these RPS requirements is to overcome some of these start-up hurdles – they incentivize small-scale projects by giving developers at least some guaranteed market for selling their product, and require the utilities to go the extra mile to work with these developers and get the projects online.

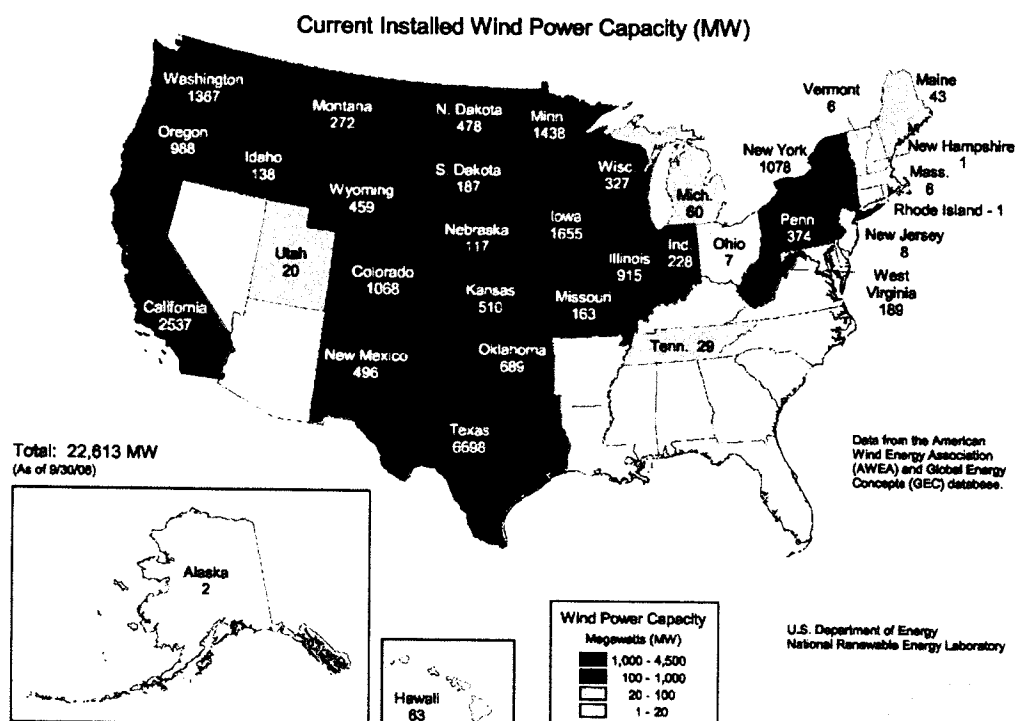
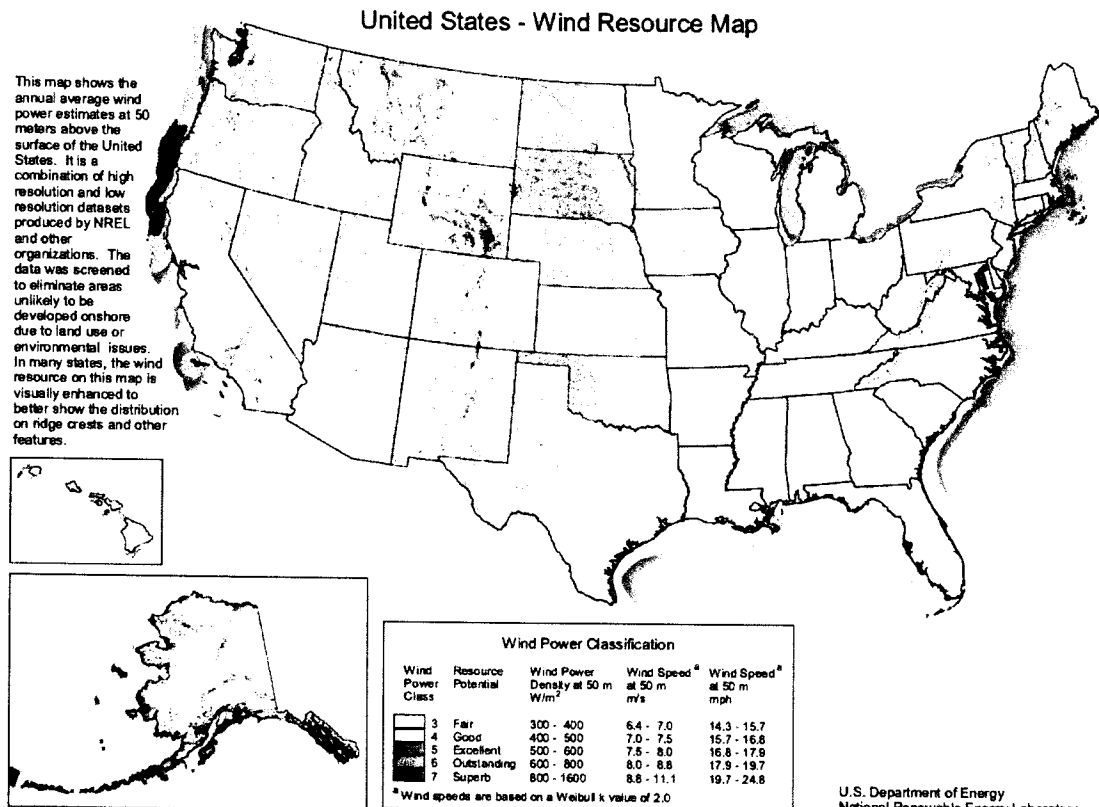
The utilities have already had a grace period in order to get ready to meet their RPS requirements -- the RPS law was enacted in 2005, and the CREP requirement doesn't kick in until 2010. At the rate we're going, it's pretty clear that the utilities, specifically NorthWestern Energy, won't be able to meet their requirements unless they make a concerted effort to do so – issue serious request for proposals and make it clear that they are willing to deal fairly with small-scale projects. **THAT'S ALL WE'RE ASKING FOR, AND ALL THE LAW REQUIRES.** Under the law as currently written, if the utilities can't meet their RPS standard, the law allows them a way

out of the requirement and out of the penalty provision. MCA § 69-3-2004 states that if a utility is unable to meet its RPS standards in a given year, it can ask the Public Service Commission for a waiver, and all it needs to show is that it undertook "reasonable steps to procure renewable energy credits" but couldn't meet its requirements either for reasons outside its control or because integration of those resources would jeopardize the reliability of the system. In other words, all the RPS law really does is make the utilities deal fairly and faithfully with small-scale renewable producers and give them a goal to shoot for.

For this reason, MSIRG believes that an increase in the maximum capacity size of the CREP definition (called for by HB 207) and/or a push-back of the starting date for the CREP obligation (from 2010 to 2012) are unnecessary and undermine the intent of the Act, which is to encourage renewable energy development, and in particular, small-scale renewable development. We urge a do not pass.

Potential v. Actual Wind Development

Contrast the map of potential development (wind resources) with actual development (installed wind power capacity). Montana has some of the best wind resources in the country, but states with far less wind already have far greater capacity built (consider Minnesota and Iowa, for example). Now is the time to encourage wind development, not devalue and discourage it.



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Iowa passes California in wind power rankings

Iowa whooshed past California and Minnesota in wind energy generation capacity to rank second nationally in 2008.

The installed wind generation capacity in Iowa more than doubled in 2008, from 1,273 megawatts to 2,790 megawatts, according to the American Wind Energy Association. That was enough to propel Iowa into second place. Texas retained first place.

Iowa Gov. Chet Culver seized on the report as evidence the state's efforts to become a national leader in renewable energy are succeeding.

Saying "now is not the time to back down from the potential in wind," Culver encouraged Congress to pass a long-term extension of tax credits to stoke wind investment, and to provide more funding for renewable energy research and development.

Energy companies and regulated utilities are developing wind farms in the state. The amount of wind generation in the state can provide about 18 percent of Iowa's total electricity needs, according to Iowa Power Fund Board Vice-Chair Tom Wind. That is roughly enough for 825,000 homes.

Iowa also has six manufacturing facilities for wind generation equipment. They are Siemens and TIP, which manufacture blades, Hendricks Industries and Trinity Structural Towers, which manufacture towers, and Clipper Windpower and Acciona Wind, which manufacture turbines.

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